

Office of Legislative Auditor

Grover C. Austin, CPA, First Assistant Legislative Auditor

Annual Assessment of Performance

Progress Reports

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Louisiana Revised Statute (R.S.) 39:87.3 requires the legislative auditor to provide annually a summary assessment of those agencies that are deficient in their capacity to execute the requirements relative to the production of performance progress reports to the Joint Legislative Committee on the Budget. This report provides a summary of the results of our examinations of performance data reported for certain programs of certain state agencies for fiscal years 2000 through 2002.

For fiscal year 2002, we determined the reliability of 86 performance indicators in nine different departments of state government. We found that 45 (52%) of these indicators were reliable, 37 (43%) were unreliable, and we could not determine the reliability of four indicators (5%) because insufficient source documentation was provided.

For fiscal year 2001, we determined the reliability of 26 performance indicators in six different departments of state government. We found that 20 (77%) of these indicators were reliable, four (15%) were unreliable, and we could not determine the reliability of two indicators (8%) because insufficient source documentation was provided.

For fiscal year 2000, we determined the reliability of 20 performance indicators in five different departments of state government. We found that 13 (65%) of these indicators were reliable, six (30%) were unreliable, and we could not determine the reliability of one indicator (5%) because insufficient source documentation was provided.

I hope this report will benefit you in your legislative decision-making process.

Sincerely,

Grover C. Austin, CPA
First Assistant Legislative Auditor

Background

Our examinations primarily focused on determining whether the values of performance indicators reported in the Louisiana Performance Accountability System (LaPAS) are reliable and accurate. To assist in determining the reliability of performance indicators, we often assessed the internal management controls of agencies to determine if these controls provided assurance that data used to compile the performance indicators were reliable.

This report addresses the reliability of fiscal year 2002 performance indicator values for nine different agencies. The report also addresses the reliability of performance indicator values reported for fiscal years 2000 and 2001 for five and six different agencies, respectively. We assessed the reliability of indicators for fiscal years 2000 and 2001 because we tested some performance data from these years that were contained in some fiscal year 2003 incentive fund proposals. In addition, this report comments on some indicators for fiscal year 2003 in one program of the Department of Economic Development. The Office of the Legislative Auditor previously reported the information contained in this report.

Department of Economic Development

Office of Business Development - Business Services Program. Our review of 13 of the 22 performance indicators reported for fiscal year 2002 for the **Business Services Program** found the values of six (46%) of the 13 indicators to be reliable. For three indicators, the Department of Economic Development (DED) did not furnish sufficient source documentation for us to determine reliability of the values. The values of four indicators (31%) were unreliable because management controls were inadequate to prevent compilation errors. The values for nine indicators were derived from Louisiana State University (LSU) reports that we did not evaluate because of time constraints. A recap of our findings for the Business Services Program is as follows:

Indicators with reliable values	6
DED did not furnish sufficient source documentation	3
Unreliable values because of compilation errors	4
Values based on LSU reports that we did not evaluate	<u>9</u>
Total Indicators, Business Services Program	<u>22</u>

Office of Business Development - Cluster Services Program. For fiscal year 2002, we found the values of all eight performance indicators (100%) reported for the **Cluster Services Program** to be unreliable. For two indicators, DED staff used electronic or manual methods to track the number of networking opportunities and the number of collaborations. We found there were no controls to ensure that all opportunities or collaborations were being accurately recorded by staff on their calendars.

To compile values for the other six indicators, DED's major source of data is the Advanced Notification forms filled out by businesses interested in receiving tax incentives from the state. This form is a very poor measurement tool for compiling performance data for several reasons. The numbers on this form are just estimates. The form indicates what companies plan to do, not what actually occurred. Also, some companies that invest or expand do not fill out an Advanced Notification form. In addition, data compiled from these forms can be used by more than one of DED's cluster groups, and DED officials confirmed that double-counting can occur.

Office of Business Development - Resource Services Program, Business Incentive Division. The Business Incentive Division (BID) administers six incentive programs. For fiscal year 2003, LaPAS lists one objective and four performance indicators for BID. The objective is not specific to any particular incentive program and the indicators do not measure the cost or impact of the individual programs. BID's objective is *through the Business Incentive activity, to assist in the creation of 12,575 permanent jobs through the approval of 725 tax incentive projects*. The four indicators associated with the objective are as follows:

- Number of projects approved
- Number of permanent jobs created
- Number of construction jobs created
- Amount of capital investment (in billions)

These indicators are an improvement over those reported externally in past years. However, since BID does not verify employment data reported by businesses, the values of the second and third indicators may not be reliable. Also, the Governmental Accounting Standards Board recommends that performance data be disaggregated so that the performance of each individual program can be determined. Overall averages can conceal information that is potentially useful to governmental officials, agencies, and the general public. DED does maintain outcome indicators internally for the six incentive programs BID administers. However, DED does not maintain efficiency indicators for each program; thus, neither outcome nor efficiency indicators are reported for each program to the legislature or other parties.

**Department of Education
(State Activities Budget Unit)**

Office of Quality Educators. For fiscal year 2002, we found the values of eight of the 12 performance indicators (67%) reported for the **Office of Quality Educators** (Office) in the **State Activities Budget Unit** to be reliable. The values of four indicators (33%) were not reliable. The value of one indicator was unreliable because data were not accumulated throughout fiscal year 2002 to calculate the value. Instead, the value was calculated and reported on a quarter-by-quarter basis. For two other indicators that counted the number of participants at training activities and the views of a percentage of participants, Office staff were counted as participants, and in addition, not all participants were surveyed for their views. The fourth unreliable value was compiled using sign-in sheets at activities. We found undated sign-in sheets that could not be linked to a specific quarter or fiscal year.

Louisiana Center for Educational Technology. For fiscal year 2002, we found the values of two of the seven performance indicators (29%) reported for the **Louisiana Center for Educational Technology** in the **State Activities Budget Unit** to be reliable. A lack of effective controls led to errors in compiling values for all five indicators. However, two of these five indicators are for **Computers for Louisiana's Kids**, a program over which the Department of Education has no control or responsibility. Furthermore, the department does not prepare the values for these two performance indicators.

Office of Student and School Performance Program. Our review of five of the six performance indicators reported for fiscal year 2002 for the **Office of Student and School Performance Program (OSSP)** in the **State Activities Budget Unit** found the value of one indicator (20%) to be reliable. Four indicators' values were not reliable. Three of these indicators measure the percentage of students who are tested by certain examinations. The department uses student enrollment counts as of October 1 to obtain the number of students; however, the tests are administered about six months later. Since the number of students can change over this six-month period, the numerator and denominator of the fractions used to determine values for these indicators are not being measured at the same time. OSSP bases the value of a fourth indicator on reports received from District Assistance Teams. We found that duplicate reports were included in supporting documentation for this indicator and that OSSP compiled these data before all districts had reported. Finally, we did not test the reliability of the value of one indicator because source documents supporting the compilation of the indicator's value are maintained at school districts.

Department of Social Services

DSS - Office of Family Support - Client Services Program. Our review focused on the performance indicators related to the core programs within the federal Temporary Assistance for Needy Families (TANF) Program. In Louisiana, core TANF programs include the Family Independence Temporary Assistance Program (FITAP) and the Family Independence Work (FIND Work) Program. For fiscal year 2002, we found the values of nine of the 12 performance indicators (75%) reported for core TANF programs in the **Office of Family Support - Client Services Program** to be reliable. For two of the unreliable values, the Office of Family Support reported the standard instead of the actual value. The other indicator was unreliable because of calculation errors and incomplete information.

Department of Public Safety and Corrections, Public Safety Services

Liquefied Petroleum Gas Commission - Administrative Program. We reviewed seven performance indicators for fiscal years 2000, 2001, and 2002 for one objective of this program, which is *to reduce the number of fires and accidents related to liquefied petroleum gas and anhydrous ammonia by 5% from the prior fiscal year standard*. The names of the seven indicators were almost identical over the three-year period. For all three years, we found the values of five (72%) indicators to be reliable. The primary reason that the values of two indicators were unreliable was due to calculation errors.

Office of State Police - Traffic Enforcement Program. We reviewed six performance indicators for this program in fiscal year 2002. We found the values of all six indicators to be inaccurate for fiscal year 2002. The reason for the inaccuracies was primarily due to a time lag in the collection and processing of the data from which the indicator values are compiled.

Two of the six indicators for fiscal year 2002 were also indicators in fiscal years 2000 and 2001. We found the values of these two indicators to be inaccurate for both fiscal years 2000 and 2001.

Department of Health and Hospitals

Office of Public Health - Personal Health Services (Nutrition Services activities).

For fiscal years 2000 through 2002, we reviewed three performance indicators associated with one objective that concerned ensuring access to Women, Infant and Children (WIC) services to a specified number of participants each month. For all three fiscal years, the value reported for the indicator, *Number of Monthly WIC Participants*, was reliable but actually represented the average number of monthly participants. Our findings for the indicators of this program are summarized in Exhibit 1 below.

Exhibit 1			
Department of Health and Hospitals			
Office of Public Health			
Personal Health Service (Nutrition Services Activities)			
Reliability of Values for Three Performance Indicators			
Fiscal Years 2000 through 2002			
Name of Performance Indicator	Fiscal Year		
	2000	2001	2002
Number of monthly WIC participants*	R	R	R
Cost per WIC client served	I	I	R
Average food benefit per month	U	R	R
Notes: "R" indicates a reliable value. "U" indicates an unreliable value. "I" indicates that insufficient documentation was provided us to make a determination regarding reliability.			
*Values reported for this indicator actually represent the average number of monthly WIC participants.			

Department of State Civil Service

Division of Administrative Law - Administration Program. Our review of five of seven of the performance indicators reported for one objective for this program for fiscal year 2002 found the values of all five indicators (100%) to be reliable. The objective is *to docket cases and conduct administrative hearings as requested by parties*. We reviewed the same five indicators for fiscal years 2000 and 2001 and again found the values of all five indicators (100%) to be reliable for both of these fiscal years.

Department of Culture, Recreation and Tourism

Office of Tourism - Marketing Program. Our review of three performance indicators for fiscal year 2001 found the values of two (67%) to be reliable. The department did not provide source documentation for the third indicator, *Number of visitors to Louisiana*, so that we could make a determination regarding its reliability.

In fiscal year 2002, two of these indicators became general performance indicators. Our review found the value of one general indicator was not reliable. The department did not provide source documentation for the other general indicator, *Number of visitors to Louisiana*, so that we could make a determination of its reliability. The third indicator we reviewed for fiscal year 2001 was no longer an indicator in LaPAS for fiscal year 2002.

Department of Transportation and Development

Administration - Office of Management and Finance. Our review of three of the six performance indicators for this program for fiscal years 2001 and 2002 found the values of all three indicators (100%) to be reliable for both years.

Our review of one of the five indicators for fiscal year 2000 found the value of this indicator to be unreliable. One reason for the unreliability of this value was that the department had an error in its method of calculation.

Higher Education

Pennington Biomedical Research Center. For fiscal years 2001 and 2002, we reviewed three of the six performance indicators for this program and found the values of all three indicators (100%) to be reliable. For fiscal year 2000, we reviewed two of 11 indicators for this program and found the values of the two indicators to be reliable.

Need more information?

Contact Grover Austin, First Assistant Louisiana Legislative Auditor, at (225) 339-3800.

A copy of this report is available on our Web site at www.lla.state.la.us.

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